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SIPDIS

SENSITIVE

STATE FOR WHA/CEN AND WHA/EPSC
STATE PASS USTR FOR JWOLFE

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SUBJECT: HONDURAS READY TO MOVE FORWARD ON FTAA, BUT FEELS
SOMEWHAT SIDELINED

REF: STATE 44578

1. (SBU) Summary: EconOffs discussed reftel and the way forward on the FTAA with Honduran Director of Trade Policy, Melvin Redondo. The GOH is committed to the negotiation of a high-quality plurilateral agreement within the FTAA, and supports using the next Trade Negotiating Committee (TNC) to move toward this goal. However, GOH officials think that the main action in the FTAA negotiations is taking place without them, and as a result are focusing their energies on other areas, at least for now. End Summary.

2. (SBU) On March 17, EconOffs met with Melvin Redondo, Director of Trade Policy and Honduras' Chief Negotiator for trade agreements, and discussed the points contained in reftel. Redondo confirmed that Honduras is committed to negotiating a high-quality plurilateral agreement with the Group of 14, and supports using the April TNC in Puebla to move toward this goal. However, Redondo also acknowledged that the FTAA is, at best, the GOH's third most important policy priority at the moment. Honduras' top trade priorities for 2004 are the WTO negotiations and the completion of the Central American Customs Union (see septel for a further discussion of these issues).

3. (SBU) Redondo said that his office is preparing a goals paper, including a proposed safeguard mechanism to respond to agricultural subsidies, which should be ready for the April TNC. However, he also expressed some frustration that, while countries were encouraged to put forth offers, very little negotiation of those offers in fact seems to be taking place. Redondo was also concerned about continued ambiguity in the relationship that the FTAA will have with the large number of regional agreements that already exist, specifically mentioning CAFTA, the Costa Rica-Canada FTA, and the agreement among Mexico, Venezuela, and Colombia, among others.

4. (SBU) Redondo expressed his strong disappointment that Honduras had not been invited to participate in the pre-TNC informal discussions held March 9-10 in Buenos Aires. He pointed out that Costa Rica, which was included at Buenos Aires, was a part of the troublesome Group of 20-plus nations in Cancun, and that it was "not consistent" for the United States to have apparently drawn Costa Rica into its inner circle, leaving other Central American countries on the sidelines.

5. (SBU) In a separate conversation on March 18, Vice Minister for External Trade Irving Guerrero echoed Redondo's view that Honduras is on the periphery of the FTAA negotiations. According to Guerrero, Honduras "is not the problem" with the FTAA. While Honduras is ready to move forward at any time, the real work that must be done is between the U.S. and the Mercosur countries. Guerrero confirmed that he will attend the April TNC in Puebla.

Palmer